

AMENDED IN ASSEMBLY APRIL 10, 2014

AMENDED IN ASSEMBLY MARCH 27, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2009

Introduced by Assembly Member Weber

February 20, 2014

An act to add Sections 8258, 8258.1, 8258.2, 8258.3, 8258.4, 9259, 9259.1, 9259.2, 9259.3, 9259.4, 30457, 30457.1, 30457.2, 30457.3, 30457.4, 32458, 32458.1, 32458.2, 32458.3, 32458.4, 40177, 40177.1, 40177.2, 40177.3, 40177.4, 41133, 41133.1, 41133.2, 41133.3, 41133.4, 43507, 43507.1, 43507.2, 43507.3, 43507.4, 45855.6, 45855.6.1, 45855.6.2, 45855.6.3, 45855.6.4, 46607, 46607.1, 46607.2, 46607.3, 46607.4, 50155.6, 50155.6.1, 50155.6.2, 50155.6.3, 50155.6.4, 55306, 55306.1, 55306.2, 55306.3, 55306.4, 60611, 60611.1, 60611.2, 60611.3, and 60611.4 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2009, as amended, Weber. State Board of Equalization: administration: managed audit program.

The Sales and Use Tax Law provides for a managed audit program, in which, if the State Board of Equalization determines a taxpayer's account is eligible for the program by meeting specified criteria and the taxpayer agrees to participate, the taxpayer examines its books, records, and equipment to determine if it has any unreported tax liability for the audit period, in compliance with the managed audit instructions provided by the board. Under that law, upon completion of the managed audit and verification by the board, interest on any unpaid liability is

computed at $\frac{1}{2}$ the rate that would otherwise be imposed for liabilities covered by the audit period.

This bill would authorize a managed audit program for the Motor Vehicle Fuel Tax Law, Use Fuel Tax Law, Cigarette and Tobacco Products Tax Law, Alcoholic Beverage Tax Law, Energy Resources Surcharge Law, Emergency Telephone Users Surcharge Act, Hazardous Substances Tax Law, Integrated Waste Management Fee Law, Oil Spill Response, Prevention, and Administration Fees Law, Underground Storage Tank Maintenance Fee Law, fees collected pursuant to the Fee Collection Procedures Law, and Diesel Fuel Tax Law.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8258 is added to the Revenue and
2 Taxation Code, to read:

3 8258. (a) The board shall determine which taxpayer's accounts
4 are eligible for the managed audit program in a manner that is
5 consistent with the efficient use of its auditing resources and the
6 maximum effectiveness of the program.

7 (b) A taxpayer is not required to participate in the managed
8 audit program.

9 SEC. 2. Section 8258.1 is added to the Revenue and Taxation
10 Code, to read:

11 8258.1. A taxpayer's account is eligible for the managed audit
12 program only if the taxpayer meets all of the following criteria:

13 (a) The taxpayer's business involves few or no statutory
14 exemptions.

15 (b) The taxpayer's business involves a single or a small number
16 of clearly defined taxability issues.

17 (c) The taxpayer is taxed pursuant to this part and agrees to
18 participate in the managed audit program.

19 (d) The taxpayer has the resources to comply with the managed
20 audit instructions provided by the board.

21 SEC. 3. Section 8258.2 is added to the Revenue and Taxation
22 Code, to read:

23 8258.2. (a) If the board selects a taxpayer's account for a
24 managed audit, all of the following apply:

25 (1) The board shall identify all of the following:

1 (A) The audit period covered by the managed audit.

2 (B) The types of transactions covered by the managed audit.

3 (C) The specific procedures that the taxpayer is to follow in
4 determining any liability.

5 (D) The records to be reviewed by the taxpayer.

6 (E) The manner in which the types of transactions are to be
7 scheduled for review.

8 (F) The time period for completion of the managed audit.

9 (G) The time period for the payment of the liability and interest.

10 (H) Any other criteria that the board may require for completion
11 of the managed audit.

12 (2) The taxpayer shall:

13 (A) Examine its books and records to determine if it has any
14 unreported tax liability for the audit period.

15 (B) Make available to the board for verification all computations
16 and books and records examined pursuant to subparagraph (A).

17 (b) The information provided by the taxpayer pursuant to
18 paragraph (2) of subdivision (a) is the same information that is
19 required for the completion of any other audit that the board may
20 conduct.

21 SEC. 4. Section 8258.3 is added to the Revenue and Taxation
22 Code, to read:

23 8258.3. Nothing in the article limits the board's authority to
24 examine the books and records of a taxpayer under Section 8253.

25 SEC. 5. Section 8258.4 is added to the Revenue and Taxation
26 Code, to read:

27 8258.4. Upon completion of the managed audit and verification
28 by the board, interest on any unpaid liability shall be computed at
29 one-half the rate that would otherwise be imposed for liabilities
30 covered by the audit period. Payment of the liabilities and interest
31 shall be made within the time period specified by the board. If the
32 requirements for the managed audit are not satisfied, the board
33 may proceed to examine the records of the taxpayer in a manner
34 to be determined by the board under law.

35 SEC. 6. Section 9259 is added to the Revenue and Taxation
36 Code, to read:

37 9259. (a) The board shall determine which taxpayer's accounts
38 are eligible for the managed audit program in a manner that is
39 consistent with the efficient use of its auditing resources and the
40 maximum effectiveness of the program.

1 (b) A taxpayer is not required to participate in the managed
2 audit program.

3 SEC. 7. Section 9259.1 is added to the Revenue and Taxation
4 Code, to read:

5 9259.1. A taxpayer's account is eligible for the managed audit
6 program only if the taxpayer meets all of the following criteria:

7 (a) The taxpayer's business involves few or no statutory
8 exemptions.

9 (b) The taxpayer's business involves a single or a small number
10 of clearly defined taxability issues.

11 (c) The taxpayer is taxed pursuant to this part and agrees to
12 participate in the managed audit program.

13 (d) The taxpayer has the resources to comply with the managed
14 audit instructions provided by the board.

15 SEC. 8. Section 9259.2 is added to the Revenue and Taxation
16 Code, to read:

17 9259.2. (a) If the board selects a taxpayer's account for a
18 managed audit, all of the following apply:

19 (1) The board shall identify all of the following:

20 (A) The audit period covered by the managed audit.

21 (B) The types of transactions covered by the managed audit.

22 (C) The specific procedures that the taxpayer is to follow in
23 determining any liability.

24 (D) The records to be reviewed by the taxpayer.

25 (E) The manner in which the types of transactions are to be
26 scheduled for review.

27 (F) The time period for completion of the managed audit.

28 (G) The time period for the payment of the liability and interest.

29 (H) Any other criteria that the board may require for completion
30 of the managed audit.

31 (2) The taxpayer shall:

32 (A) Examine its books, papers, records, and equipment to
33 determine if it has any unreported tax liability for the audit period.

34 (B) Make available to the board for verification all computations
35 and books, papers, records, and equipment examined pursuant to
36 subparagraph (A).

37 (b) The information provided by the taxpayer pursuant to
38 paragraph (2) of subdivision (a) is the same information that is
39 required for the completion of any other audit that the board may
40 conduct.

1 SEC. 9. Section 9259.3 is added to the Revenue and Taxation
2 Code, to read:

3 9259.3. Nothing in this article limits the board's authority to
4 examine the books, papers, records, and equipment of a taxpayer
5 under Section 9254.

6 SEC. 10. Section 9259.4 is added to the Revenue and Taxation
7 Code, to read:

8 9259.4. Upon completion of the managed audit and verification
9 by the board, interest on any unpaid liability shall be computed at
10 one-half the rate that would otherwise be imposed for liabilities
11 covered by the audit period. Payment of the liabilities and interest
12 shall be made within the time period specified by the board. If the
13 requirements for the managed audit are not satisfied, the board
14 may proceed to examine the records of the taxpayer in a manner
15 to be determined by the board under law.

16 SEC. 11. Section 30457 is added to the Revenue and Taxation
17 Code, to read:

18 30457. (a) The board shall determine which taxpayer's
19 accounts are eligible for the managed audit program in a manner
20 that is consistent with the efficient use of its auditing resources
21 and the maximum effectiveness of the program.

22 (b) A taxpayer is not required to participate in the managed
23 audit program.

24 SEC. 12. Section 30457.1 is added to the Revenue and Taxation
25 Code, to read:

26 30457.1. A taxpayer's account is eligible for the managed audit
27 program only if the taxpayer meets all of the following criteria:

28 (a) The taxpayer's business involves few or no statutory
29 exemptions.

30 (b) The taxpayer's business involves a single or a small number
31 of clearly defined taxability issues.

32 (c) The taxpayer is taxed pursuant to this part and agrees to
33 participate in the managed audit program.

34 (d) The taxpayer has the resources to comply with the managed
35 audit instructions provided by the board.

36 SEC. 13. Section 30457.2 is added to the Revenue and Taxation
37 Code, to read:

38 30457.2. (a) If the board selects a taxpayer's account for a
39 managed audit, all of the following apply:

40 (1) The board shall identify all of the following:

1 (A) The audit period covered by the managed audit.

2 (B) The types of transactions covered by the managed audit.

3 (C) The specific procedures that the taxpayer is to follow in
4 determining any liability.

5 (D) The records to be reviewed by the taxpayer.

6 (E) The manner in which the types of transactions are to be
7 scheduled for review.

8 (F) The time period for completion of the managed audit.

9 (G) The time period for the payment of the liability and interest.

10 (H) Any other criteria that the board may require for completion
11 of the managed audit.

12 (2) The taxpayer shall:

13 (A) Examine its books, papers, records, and equipment to
14 determine if it has any unreported tax liability for the audit period.

15 (B) Make available to the board for verification all computations
16 and books, papers, records, and equipment examined pursuant to
17 subparagraph (A).

18 (b) The information provided by the taxpayer pursuant to
19 paragraph (2) of subdivision (a) is the same information that is
20 required for the completion of any other audit that the board may
21 conduct.

22 SEC. 14. Section 30457.3 is added to the Revenue and Taxation
23 Code, to read:

24 30457.3. Nothing in this article limits the board's authority to
25 examine the books, papers, records, and equipment of a taxpayer
26 under Section 30454.

27 SEC. 15. Section 30457.4 is added to the Revenue and Taxation
28 Code, to read:

29 30457.4. Upon completion of the managed audit and
30 verification by the board, interest on any unpaid liability shall be
31 computed at one-half the rate that would otherwise be imposed
32 for liabilities covered by the audit period. Payment of the liabilities
33 and interest shall be made within the time period specified by the
34 board. If the requirements for the managed audit are not satisfied,
35 the board may proceed to examine the records of the taxpayer in
36 a manner to be determined by the board under law.

37 SEC. 16. Section 32458 is added to the Revenue and Taxation
38 Code, to read:

39 32458. (a) The board shall determine which taxpayer's
40 accounts are eligible for the managed audit program in a manner

1 that is consistent with the efficient use of its auditing resources
2 and the maximum effectiveness of the program.

3 (b) A taxpayer is not required to participate in the managed
4 audit program.

5 SEC. 17. Section 32458.1 is added to the Revenue and Taxation
6 Code, to read:

7 32458.1. A taxpayer's account is eligible for the managed audit
8 program only if the taxpayer meets all of the following criteria:

9 (a) The taxpayer's business involves few or no statutory
10 exemptions.

11 (b) The taxpayer's business involves a single or a small number
12 of clearly defined taxability issues.

13 (c) The taxpayer is taxed pursuant to this part and agrees to
14 participate in the managed audit program.

15 (d) The taxpayer has the resources to comply with the managed
16 audit instructions provided by the board.

17 SEC. 18. Section 32458.2 is added to the Revenue and Taxation
18 Code, to read:

19 32458.2. (a) If the board selects a taxpayer's account for a
20 managed audit, all of the following apply:

21 (1) The board shall identify all of the following:

22 (A) The audit period covered by the managed audit.

23 (B) The types of transactions covered by the managed audit.

24 (C) The specific procedures that the taxpayer is to follow in
25 determining any liability.

26 (D) The records to be reviewed by the taxpayer.

27 (E) The manner in which the types of transactions are to be
28 scheduled for review.

29 (F) The time period for completion of the managed audit.

30 (G) The time period for the payment of the liability and interest.

31 (H) Any other criteria that the board may require for completion
32 of the managed audit.

33 (2) The taxpayer shall:

34 (A) Examine its books and records to determine if it has any
35 unreported tax liability for the audit period.

36 (B) Make available to the board for verification all computations
37 and books and records examined pursuant to subparagraph (A).

38 (b) The information provided by the taxpayer pursuant to
39 paragraph (2) of subdivision (a) is the same information that is

1 required for the completion of any other audit that the board may
2 conduct.

3 SEC. 19. Section 32458.3 is added to the Revenue and Taxation
4 Code, to read:

5 32458.3. Nothing in this article limits the board's authority to
6 examine the books and records of a taxpayer under Section 32453.

7 SEC. 20. Section 32458.4 is added to the Revenue and Taxation
8 Code, to read:

9 32458.4. Upon completion of the managed audit and
10 verification by the board, interest on any unpaid liability shall be
11 computed at one-half the rate that would otherwise be imposed
12 for liabilities covered by the audit period. Payment of the liabilities
13 and interest shall be made within the time period specified by the
14 board. If the requirements for the managed audit are not satisfied,
15 the board may proceed to examine the records of the taxpayer in
16 a manner to be determined by the board under law.

17 SEC. 21. Section 40177 is added to the Revenue and Taxation
18 Code, to read:

19 40177. (a) The board shall determine which electric utility's
20 accounts are eligible for the managed audit program in a manner
21 that is consistent with the efficient use of its auditing resources
22 and the maximum effectiveness of the program.

23 (b) An electric utility is not required to participate in the
24 managed audit program.

25 SEC. 22. Section 40177.1 is added to the Revenue and Taxation
26 Code, to read:

27 40177.1. An electric utility's account is eligible for the
28 managed audit program only if the electric utility meets all of the
29 following criteria:

30 (a) The electric utility's business involves few or no statutory
31 exemptions.

32 (b) The electric utility's business involves a single or small
33 number of clearly defined taxability issues.

34 (c) The electric utility is subject to this part and agrees to
35 participate in the managed audit program.

36 (d) The electric utility has the resources to comply with the
37 managed audit instructions provided by the board.

38 SEC. 23. Section 40177.2 is added to the Revenue and Taxation
39 Code, to read:

1 40177.2. (a) If the board selects an electric utility's account
2 for a managed audit, all of the following apply:

- 3 (1) The board shall identify all of the following:
4 (A) The audit period covered by the managed audit.
5 (B) The types of transactions covered by the managed audit.
6 (C) The specific procedures that the electric utility is to follow
7 in determining any liability.
8 (D) The records to be reviewed by the electric utility.
9 (E) The manner in which the types of transactions are to be
10 scheduled for review.
11 (F) The time period for completion of the managed audit.
12 (G) The time period for the payment of the liability and interest.
13 (H) Any other criteria that the board may require for completion
14 of the managed audit.

15 (2) The electric utility shall:

- 16 (A) Examine its records, meters, and equipment to determine
17 if it has any unreported tax liability for the audit period.
18 (B) Make available to the board for verification all computations
19 and records, meters, and equipment examined pursuant to
20 subparagraph (A).
21 (b) The information provided by the electric utility pursuant to
22 paragraph (2) of subdivision (a) is the same information that is
23 required for the completion of any other audit that the board may
24 conduct.

25 SEC. 24. Section 40177.3 is added to the Revenue and Taxation
26 Code, to read:

27 40177.3. Nothing in the article limits the board's authority to
28 examine the records, meters, and equipment of an electric utility
29 under Section 40174.

30 SEC. 25. Section 40177.4 is added to the Revenue and Taxation
31 Code, to read:

32 40177.4. Upon completion of the managed audit and
33 verification by the board, interest on any unpaid liability shall be
34 computed at one-half the rate that would otherwise be imposed
35 for liabilities covered by the audit period. Payment of the liabilities
36 and interest shall be made within the time period specified by the
37 board. If the requirements for the managed audit are not satisfied,
38 the board may proceed to examine the records of the electric utility
39 in a manner to be determined by the board under law.

1 SEC. 26. Section 41133 is added to the Revenue and Taxation
2 Code, to read:

3 41133. (a) The board shall determine which service supplier's
4 accounts are eligible for the managed audit program in a manner
5 that is consistent with the efficient use of its auditing resources
6 and the maximum effectiveness of the program.

7 (b) A service supplier is not required to participate in the
8 managed audit program.

9 SEC. 27. Section 41133.1 is added to the Revenue and Taxation
10 Code, to read:

11 41133.1. A service supplier's account is eligible for the
12 managed audit program only if the service supplier meets all of
13 the following criteria:

14 (a) The service supplier's business involves few or no statutory
15 exemptions.

16 (b) The service supplier's business involves a single or small
17 number of clearly defined taxability issues.

18 (c) The service supplier is taxed pursuant to this part and agrees
19 to participate in the managed audit program.

20 (d) The service supplier has the resources to comply with the
21 managed audit instructions provided by the board.

22 SEC. 28. Section 41133.2 is added to the Revenue and Taxation
23 Code, to read:

24 41133.2. (a) If the board selects a service supplier's account
25 for a managed audit, all of the following apply:

26 (1) The board shall identify all of the following:

27 (A) The audit period covered by the managed audit.

28 (B) The types of transactions covered by the managed audit.

29 (C) The specific procedures that the service supplier is to follow
30 in determining any liability.

31 (D) The records to be reviewed by the service supplier.

32 (E) The manner in which the types of transactions are to be
33 scheduled for review.

34 (F) The time period for completion of the managed audit.

35 (G) The time period for the payment of the liability and interest.

36 (H) Any other criteria that the board may require for completion
37 of the managed audit.

38 (2) The service supplier shall:

39 (A) Examine its records and returns to determine if it has any
40 unreported tax liability for the audit period.

1 (B) Make available to the board for verification all computations
2 and records and returns examined pursuant to subparagraph (A).

3 (b) The information provided by the service supplier pursuant
4 to paragraph (2) of subdivision (a) is the same information that is
5 required for the completion of any other audit that the board may
6 conduct.

7 SEC. 29. Section 41133.3 is added to the Revenue and Taxation
8 Code, to read:

9 41133.3. Nothing in this article limits the board's authority to
10 inspect and audit all records and returns of a service supplier under
11 Section 41130.

12 SEC. 30. Section 41133.4 is added to the Revenue and Taxation
13 Code, to read:

14 41133.4. Upon completion of the managed audit and
15 verification by the board, interest on any unpaid liability shall be
16 computed at one-half the rate that would otherwise be imposed
17 for liabilities covered by the audit period. Payment of the liabilities
18 and interest shall be made within the time period specified by the
19 board. If the requirements for the managed audit are not satisfied,
20 the board may proceed to examine the records of the service
21 supplier in a manner to be determined by the board under law.

22 SEC. 31. Section 43507 is added to the Revenue and Taxation
23 Code, to read:

24 43507. (a) The board shall determine which taxpayer's
25 accounts are eligible for the managed audit program in a manner
26 that is consistent with the efficient use of its auditing resources
27 and the maximum effectiveness of the program.

28 (b) A taxpayer is not required to participate in the managed
29 audit program.

30 SEC. 32. Section 43507.1 is added to the Revenue and Taxation
31 Code, to read:

32 43507.1. A taxpayer's account is eligible for the managed audit
33 program only if the taxpayer meets all of the following criteria:

34 (a) The taxpayer's business or activities involve few or no
35 statutory exemptions.

36 (b) The taxpayer's business or activities involve a single or a
37 small number of clearly defined taxability or liability issues.

38 (c) The taxpayer is taxed pursuant to this part and agrees to
39 participate in the managed audit program.

1 (d) The taxpayer has the resources to comply with the managed
2 audit instructions provided by the board.

3 SEC. 33. Section 43507.2 is added to the Revenue and Taxation
4 Code, to read:

5 43507.2. (a) If the board selects a taxpayer's account for a
6 managed audit, all of the following apply:

7 (1) The board shall identify all of the following:

8 (A) The audit period covered by the managed audit.

9 (B) The types of transactions or activities covered by the
10 managed audit.

11 (C) The specific procedures that the taxpayer is to follow in
12 determining any liability.

13 (D) The records to be reviewed by the taxpayer.

14 (E) The manner in which the types of transactions or activities
15 are to be scheduled for review.

16 (F) The time period for completion of the managed audit.

17 (G) The time period for the payment of the liability and interest.

18 (H) Any other criteria that the board may require for completion
19 of the managed audit.

20 (2) The taxpayer shall:

21 (A) Examine its books and records to determine if it has any
22 unreported liability for the audit period.

23 (B) Make available to the board for verification all computations
24 and books and records examined pursuant to subparagraph (A).

25 (b) The information provided by the taxpayer pursuant to
26 paragraph (2) of subdivision (a) is the same information that is
27 required for the completion of any other audit that the board may
28 conduct.

29 SEC. 34. Section 43507.3 is added to the Revenue and Taxation
30 Code, to read:

31 43507.3. Nothing in this article limits the board's authority to
32 examine the books and records of a taxpayer under Section 43502.

33 SEC. 35. Section 43507.4 is added to the Revenue and Taxation
34 Code, to read:

35 43507.4. Upon completion of the managed audit and
36 verification by the board, interest on any unpaid liability shall be
37 computed at one-half the rate that would otherwise be imposed
38 for liabilities covered by the audit period. Payment of the liabilities
39 and interest shall be made within the time period specified by the
40 board. If the requirements for the managed audit are not satisfied,

1 the board may proceed to examine the records of the taxpayer in
2 a manner to be determined by the board under law.

3 SEC. 36. Section 45855.6 is added to the Revenue and Taxation
4 Code, to read:

5 45855.6. (a) The board shall determine which feepayer's
6 accounts are eligible for the managed audit program in a manner
7 that is consistent with the efficient use of its auditing resources
8 and the maximum effectiveness of the program.

9 (b) A feepayer is not required to participate in the managed
10 audit program.

11 SEC. 37. Section 45855.6.1 is added to the Revenue and
12 Taxation Code, to read:

13 45855.6.1. A feepayer's account is eligible for the managed
14 audit program only if the feepayer meets all of the following
15 criteria:

16 (a) The feepayer's business or activities involve few or no
17 statutory exemptions.

18 (b) The feepayer's business or activities involve a single or a
19 small number of clearly defined taxability or liability issues.

20 (c) The feepayer is subject to the fee imposed pursuant to
21 Section 48000 of the Public Resources Code and agrees to
22 participate in the managed audit program.

23 (d) The feepayer has the resources to comply with the managed
24 audit instructions provided by the board.

25 SEC. 38. Section 45855.6.2 is added to the Revenue and
26 Taxation Code, to read:

27 45855.6.2. (a) If the board selects a feepayer's account for a
28 managed audit, all of the following apply:

29 (1) The board shall identify all of the following:

30 (A) The audit period covered by the managed audit.

31 (B) The types of transactions or activities covered by the
32 managed audit.

33 (C) The specific procedures that the feepayer is to follow in
34 determining any liability.

35 (D) The records to be reviewed by the feepayer.

36 (E) The manner in which the types of transactions or activities
37 are to be scheduled for review.

38 (F) The time period for completion of the managed audit.

39 (G) The time period for the payment of the liability and interest.

1 (H) Any other criteria that the board may require for completion
2 of the managed audit.

3 (2) The feepayer shall:

4 (A) Examine its books and records to determine if it has any
5 unreported liability for the audit period.

6 (B) Make available to the board for verification all computations
7 and books and records examined pursuant to subparagraph (A).

8 (b) The information provided by the feepayer pursuant to
9 paragraph (2) of subdivision (a) is the same information that is
10 required for the completion of any other audit that the board may
11 conduct.

12 SEC. 39. Section 45855.6.3 is added to the Revenue and
13 Taxation Code, to read:

14 45855.6.3. Nothing in this article limits the board's authority
15 to examine the books and records of a ~~fee payer~~ *feepayer* under
16 Section 45852.

17 SEC. 40. Section 45855.6.4 is added to the Revenue and
18 Taxation Code, to read:

19 45855.6.4. Upon completion of the managed audit and
20 verification by the board, interest on any unpaid liability shall be
21 computed at one-half the rate that would otherwise be imposed
22 for liabilities covered by the audit period. Payment of the liabilities
23 and interest shall be made within the time period specified by the
24 board. If the requirements for the managed audit are not satisfied,
25 the board may proceed to examine the records of the feepayer in
26 a manner to be determined by the board under law.

27 SEC. 41. Section 46607 is added to the Revenue and Taxation
28 Code, to read:

29 46607. (a) The board shall determine which feepayer's
30 accounts are eligible for the managed audit program in a manner
31 that is consistent with the efficient use of its auditing resources
32 and the maximum effectiveness of the program.

33 (b) A feepayer is not required to participate in the managed
34 audit program.

35 SEC. 42. Section 46607.1 is added to the Revenue and Taxation
36 Code, to read:

37 46607.1. A feepayer's account is eligible for the managed audit
38 program only if the feepayer meets all of the following criteria:

39 (a) The feepayer's business or activities involve few or no
40 statutory exemptions.

1 (b) The feepayer's business or activities involve a single or a
2 small number of clearly defined taxability or liability issues.

3 (c) The feepayer is subject to the fee imposed pursuant to
4 Section 8670.40 or Section 8670.48 of the Government Code and
5 agrees to participate in the managed audit program.

6 (d) The feepayer has the resources to comply with the managed
7 audit instructions provided by the board.

8 SEC. 43. Section 46607.2 is added to the Revenue and Taxation
9 Code, to read:

10 46607.2. (a) If the board selects a feepayer's account for a
11 managed audit, all of the following apply:

12 (1) The board shall identify all of the following:

13 (A) The audit period covered by the managed audit.

14 (B) The types of transactions or activities covered by the
15 managed audit.

16 (C) The specific procedures that the feepayer is to follow in
17 determining any liability.

18 (D) The records to be reviewed by the feepayer.

19 (E) The manner in which the types of transactions or activities
20 are to be scheduled for review.

21 (F) The time period for completion of the managed audit.

22 (G) The time period for the payment of the liability and interest.

23 (H) Any other criteria that the board may require for completion
24 of the managed audit.

25 (2) The feepayer shall:

26 (A) Examine its books and records to determine if it has any
27 unreported liability for the audit period.

28 (B) Make available to the board for verification all computations
29 and books and records examined pursuant to subparagraph (A).

30 (b) The information provided by the feepayer pursuant to
31 paragraph (2) of subdivision (a) is the same information that is
32 required for the completion of any other audit that the board may
33 conduct.

34 SEC. 44. Section 46607.3 is added to the Revenue and Taxation
35 Code, to read:

36 46607.3. Nothing in this article limits the board's authority to
37 examine the books and records of a feepayer under Section 46603.

38 SEC. 45. Section 46607.4 is added to the Revenue and Taxation
39 Code, to read:

1 46607.4. Upon completion of the managed audit and
2 verification by the board, interest on any unpaid liability shall be
3 computed at one-half the rate that would otherwise be imposed
4 for liabilities covered by the audit period. Payment of the liabilities
5 and interest shall be made within the time period specified by the
6 board. If the requirements for the managed audit are not satisfied,
7 the board may proceed to examine the records of the feepayer in
8 a manner to be determined by the board under law.

9 SEC. 46. Section 50155.6 is added to the Revenue and Taxation
10 Code, to read:

11 50155.6. (a) The board shall determine which feepayer's
12 accounts are eligible for the managed audit program in a manner
13 that is consistent with the efficient use of its auditing resources
14 and the maximum effectiveness of the program.

15 (b) A feepayer is not required to participate in the managed
16 audit program.

17 SEC. 47. Section 50155.6.1 is added to the Revenue and
18 Taxation Code, to read:

19 50155.6.1. A feepayer's account is eligible for the managed
20 audit program only if the feepayer meets all of the following
21 criteria:

22 (a) The feepayer's business or activities involve few or no
23 statutory exemptions.

24 (b) The feepayer's business or activities ~~involves~~ *involve* a single
25 or small number of clearly defined taxability or liability issues.

26 (c) The feepayer is subject to the fee imposed pursuant to
27 Section 25299.41 of the Health and Safety Code and agrees to
28 participate in the managed audit program.

29 (d) The feepayer has the resources to comply with the managed
30 audit instructions provided by the board.

31 SEC. 48. Section 50155.6.2 is added to the Revenue and
32 Taxation Code, to read:

33 50155.6.2. (a) If the board selects a feepayer's account for a
34 managed audit, all of the following apply:

35 (1) The board shall identify all of the following:

36 (A) The audit period covered by the managed audit.

37 (B) The types of transactions or activities covered by the
38 managed audit.

39 (C) The specific procedures that the feepayer is to follow in
40 determining any liability.

1 (D) The records to be reviewed by the feepayer.

2 (E) The manner in which the types of transactions or activities
3 are to be scheduled for review.

4 (F) The time period for completion of the managed audit.

5 (G) The time period for the payment of the liability and interest.

6 (H) Any other criteria that the board may require for completion
7 of the managed audit.

8 (2) The feepayer shall:

9 (A) Examine its books and records to determine if it has any
10 unreported liability for the audit period.

11 (B) Make available to the board for verification all computations
12 and books and records examined pursuant to subparagraph (A).

13 (b) The information provided by the feepayer pursuant to
14 paragraph (2) of subdivision (a) is the same information that is
15 required for the completion of any other audit that the board may
16 conduct.

17 SEC. 49. Section 50155.6.3 is added to the Revenue and
18 Taxation Code, to read:

19 50155.6.3. Nothing in this article limits the board's authority
20 to examine the books and records of a ~~fee payer~~ *feepayer* under
21 Section 50153.

22 SEC. 50. Section 50155.6.4 is added to the Revenue and
23 Taxation Code, to read:

24 50155.6.4. Upon completion of the managed audit and
25 verification by the board, interest on any unpaid liability shall be
26 computed at one-half the rate that would otherwise be imposed
27 for liabilities covered by the audit period. Payment of the liabilities
28 and interest shall be made within the time period specified by the
29 board. If the requirements for the managed audit are not satisfied,
30 the board may proceed to examine the records of the feepayer in
31 a manner to be determined by the board under law.

32 SEC. 51. Section 55306 is added to the Revenue and Taxation
33 Code, to read:

34 55306. (a) The board shall determine which feepayer's
35 accounts are eligible for the managed audit program in a manner
36 that is consistent with the efficient use of its auditing resources
37 and the maximum effectiveness of the program.

38 (b) A feepayer is not required to participate in the managed
39 audit program.

1 SEC. 52. Section 55306.1 is added to the Revenue and Taxation
2 Code, to read:

3 55306.1. A feepayer's account is eligible for the managed audit
4 program only if the feepayer meets all of the following criteria:

5 (a) The feepayer's business or activities involve few or no
6 statutory exemptions.

7 (b) The feepayer's business or activities involve a single or a
8 small number of clearly defined taxability or liability issues.

9 (c) The feepayer is liable for payment of a fee collected pursuant
10 to ~~this part~~ *this part* and agrees to participate in the managed audit
11 program.

12 (d) The feepayer has the resources to comply with the managed
13 audit instructions provided by the board.

14 SEC. 53. Section 55306.2 is added to the Revenue and Taxation
15 Code, to read:

16 55306.2. (a) If the board selects a feepayer's account for a
17 managed audit, all of the following apply:

18 (1) The board shall identify all of the following:

19 (A) The audit period covered by the managed audit.

20 (B) The types of transactions or activities covered by the
21 managed audit.

22 (C) The specific procedures that the feepayer is to follow in
23 determining any liability.

24 (D) The records to be reviewed by the feepayer.

25 (E) The manner in which the types of transactions or activities
26 are to be scheduled for review.

27 (F) The time period for completion of the managed audit.

28 (G) The time period for the payment of the liability and interest.

29 (H) Any other criteria that the board may require for completion
30 of the managed audit.

31 (2) The feepayer shall:

32 (A) Examine its books and records to determine if it has any
33 unreported liability for the audit period.

34 (B) Make available to the board for verification all computations
35 books and records examined pursuant to subparagraph (A).

36 (b) The information provided by the feepayer pursuant to
37 paragraph (2) of subdivision (a) is the same information that is
38 required for the completion of any other audit that the board may
39 conduct.

1 SEC. 54. Section 55306.3 is added to the Revenue and Taxation
2 Code, to read:

3 55306.3. Nothing in this article limits the board's authority to
4 examine the books and records of a feepayer under Section 55302.

5 SEC. 55. Section 55306.4 is added to the Revenue and Taxation
6 Code, to read:

7 55306.4. Upon completion of the managed audit and
8 verification by the board, interest on any unpaid liability shall be
9 computed at one-half the rate that would otherwise be imposed
10 for liabilities covered by the audit period. Payment of the liabilities
11 and interest shall be made within the time period specified by the
12 board. If the requirements for the managed audit are not satisfied,
13 the board may proceed to examine the records of the feepayer in
14 a manner to be determined by the board under law.

15 SEC. 56. Section 60611 is added to the Revenue and Taxation
16 Code, to read:

17 60611. (a) The board shall determine which taxpayer's
18 accounts are eligible for the managed audit program in a manner
19 that is consistent with the efficient use of its auditing resources
20 and the maximum effectiveness of the program.

21 (b) A taxpayer is not required to participate in the managed
22 audit program.

23 SEC. 57. Section 60611.1 is added to the Revenue and Taxation
24 Code, to read:

25 60611.1. A taxpayer's account is eligible for the managed audit
26 program only if the taxpayer meets all of the following criteria:

27 (a) The taxpayer's business involves few or no statutory
28 exemptions.

29 (b) The taxpayer's business involves a single or a small number
30 of clearly defined taxability issues.

31 (c) The taxpayer is taxed pursuant to this part and agrees to
32 participate in the managed audit program.

33 (d) The taxpayer has the resources to comply with the managed
34 audit instructions provided by the board.

35 SEC. 58. Section 60611.2 is added to the Revenue and Taxation
36 Code, to read:

37 60611.2. (a) If the board selects a taxpayer's account for a
38 managed audit, all of the following apply:

39 (1) The board shall identify all of the following:

40 (A) The audit period covered by the managed audit.

- 1 (B) The types of transactions covered by the managed audit.
2 (C) The specific procedures that the taxpayer is to follow in
3 determining any liability.
4 (D) The records to be reviewed by the taxpayer.
5 (E) The manner in which the types of transactions are to be
6 scheduled for review.
7 (F) The time period for completion of the managed audit.
8 (G) The time period for the payment of the liability and interest.
9 (H) Any other criteria that the board may require for completion
10 of the managed audit.

11 (2) The taxpayer shall:

12 (A) Examine its books, records, and equipment to determine if
13 it has any unreported tax liability for the audit period.

14 (B) Make available to the board for verification all computations
15 and books, records, and equipment examined pursuant to
16 subparagraph (A).

17 (b) The information provided by the taxpayer pursuant to
18 paragraph (2) of subdivision (a) is the same information that is
19 required for the completion of any other audit that the board may
20 conduct.

21 SEC. 59. Section 60611.3 is added to the Revenue and Taxation
22 Code, to read:

23 60611.3. Nothing in this article limits the board's authority to
24 examine the books, records, and equipment of a taxpayer under
25 Section 60606.

26 SEC. 60. Section 60611.4 is added to the Revenue and Taxation
27 Code, to read:

28 60611.4. Upon completion of the managed audit and
29 verification by the board, interest on any unpaid liability shall be
30 computed at one-half the rate that would otherwise be imposed
31 for liabilities covered by the audit period. Payment of the liabilities
32 and interest shall be made within the time period specified by the
33 board. If the requirements for the managed audit are not satisfied,
34 the board may proceed to examine the records of the taxpayer in
35 a manner to be determined by the board under law.